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C O N F I D E N T I A L SECTION 01 OF 02 KUALA LUMPUR 000163

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SUBJECT: MALAYSIA'S ELECTION: CRUNCHING NUMBERS FOR BN

REF: KUALA LUMPUR 160 - ELECTION SHOCK

Classified By: Political Section Chief Mark D. Clark  
for reasons 1.4 (b, d).

11. (SBU) Summary: Malaysia's dramatic March 8 election setback for Prime Minister Abdullah and his National Front (BN) coalition resulted not only in the loss of four additional state governments to the opposition (reftel), but in a potentially fundamental shift of power in the ruling coalition towards East Malaysia. On the peninsula, the National Front was out-pollled by the opposition by 20,000 votes, but in East Malaysia, the National Front out-pollled the opposition by a two-one margin. In fact, it was BN's win of 54 parliamentary seats in East Malaysia that allowed the coalition to reach a simple majority and form the new government. The dismal performances of the National Front's peninsula-based parties, especially the Malaysian Chinese Association (MCA), People's Movement Party (Gerakan) and Malaysian Indian Congress (MIC), meant three Sarawak-based parties could gain unprecedented influence in the coalition. Prime Minister Abdullah Badawi now faces a dearth of Chinese and Indian coalition parliamentarians to fill traditional cabinet positions, and is expected to fill several vacancies with East Malaysians. End Summary.

Restructuring the National Front  
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12. (SBU) Stunning at first, the political upheaval of Malaysia's March 8 national election is only now beginning to sink in for the ruling National Front (Barisan Nasional or BN) coalition as its support base shifts drastically towards East Malaysia. The 12th General Election resulted, not only in the loss of four state governments to the opposition (reftel), but in a potentially fundamental shift of power in the ruling coalition. Nationwide, BN polled 50.1 percent of the popular vote in the parliamentary elections while the opposition polled only 46.3 percent, but political reality lies in the details. On the peninsula, BN was actually out-pollled by the opposition, capturing only 3.43 million votes to the opposition's 3.45 million votes. It was in East Malaysia, traditionally a political backwater, that the National Front captured 653,623 votes to the opposition's 327,040 votes, out-polling the opposition 61.2 percent to 30.6 percent of the electorate. In fact, it was BN's win of 54 parliamentary seats in East Malaysia that allowed the coalition to reach a simple majority and form the new government.

13. (SBU) With the meteoric rise of opposition representation in Parliament comes a corresponding rise in East Malaysia's importance to the ruling coalition, at least in terms of the

numbers. When the 12th Parliament sits, BN's five largest component parties will be: UMNO with 79 seats; MCA with 15 seats; United Sarawak Native Inheritance Party (PBB) with 14 seats; Sarawak United People's Party (SUPP) with six seats; and Sarawak People's Party (Parti Rakyat Sarawak or PRS) with six seats. The 12th Parliament will see both Gerakan and MIC fall to minor party status as both faced near destruction at the 2008 polls (reftel). It is only their historical significance to the coalition that may result in their disproportionate representation in the government.

¶4. (SBU) Discontent in Malaysia's Chinese and Indian communities decimated their representation in the ruling coalition and ultimately threatens their long term influence in a BN-led government. Gerakan's defeat in Penang, Perak and Selangor left the once influential party with only two elected parliamentarians. Likewise, MIC's bungling of the Hindraf issue and failure to reinvent itself from its own specter of corruption meant MIC could only hang on to three seats in the 2008 parliamentary elections. Together, MIC and Gerakan did not capture enough seats to match either SUPP or PRS, the two new comers from East Malaysia to the Barisan Nasional top five. MCA, MIC and Gerakan all face a crisis of leadership as the parties struggle with electoral defeats and dwindling influence in the coalition.

¶9. (SBU) While the shift in Chinese and Indian votes was largely predicted, large shifts in the Malay vote shocked the nation and effected the most influential change in the polls. Dominant coalition partner UMNO lost 28 percent of its parliamentary seats, with all losses occurring on the peninsula. We note that UMNO's decline in the polls on the peninsula was mitigated by the party's strength in Sabah. In Sabah, UMNO won every parliamentary seat it contested,

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pulling in 13 of their 79 total seats in Parliament. While UMNO does not have a political presence in Sarawak, there is no minimizing the importance East Malaysia has played in preserving the party's influence on a national scale.

Balancing race in the new cabinet  
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¶5. (SBU) As Prime Minister Abdullah Badawi now prepares to name his new cabinet, the change in demographics among BN's component parties weighs heavily. First among his concerns will be the dearth of Chinese parliamentarians eligible to hold cabinet office. In his cabinet from the outgoing Parliament, MCA held 4 ministerial posts, 9 deputy minister posts, and 4 parliamentary secretaries. Having captured only 15 seats in the new parliament, MCA falls two short of filling all the positions ordinarily allotted to the party. Likewise, Gerakan last held one ministerial post, 3 deputy minister positions, and 2 parliamentary secretaries. With only two parliamentarians elected to the 12th Parliament, Gerakan, too, does not have enough elected representatives to fill all their traditional posts. Faring no better, MIC's three elected parliamentarians are insufficient to fill the one minister, 3 deputy minister and 2 parliamentary secretary posts it has traditionally held.

Appointing senators to balance the equation  
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¶6. (SBU) Despite their low level of representation in Parliament, PM Abdullah has not abandoned the coalition's historical stalwarts. Notwithstanding his pre-election threats that the Chinese and Indian communities would lose their influence in the government, he subsequently has promised publicly that MIC, MCA and Gerakan will still have a role in the government. In order to fulfill these promises, Abdullah likely will have to nominate new senators from the losing parties or substantially reduce their overall representation in the cabinet. While it is not unusual for senators to fill cabinet positions, they normally constitute

a very small percentage of the cabinet.

#### Balancing the cabinet with East Malaysians

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¶7. (SBU) It remains to be seen if the Sarawakian parties will be granted a voice proportionate to their new position in the coalition. In the 11th Parliament, PBB held only one ministerial post and one deputy minister position; SUPP had one minister, one deputy minister and one parliamentary secretary; and PRS had only one deputy minister. Now, as the

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third largest party in the coalition, PBB's position in the government should increase exponentially, but longstanding bias against East Malaysia could diminish the opportunities of Sarawakian parties to assume leadership roles in the government.

Comment

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¶8. (C) BN's unprecedented setback at the polls has changed the ruling coalition's component party profile, making traditional partners MCA and MIC less critical and bringing players from East Malaysia to the fore. Abdullah now faces the unenviable position of trying to balance old influence with new. At risk of further alienating Malaysia's Chinese and Indian communities, MCA, MIC and Gerakan must be given positions of authority and influence in the new government, but ignoring the strength and contribution of the East Malaysian parties may generate discontent among the parties that saved BN's majority control over the national government. We expect to see Abdullah balance these competing forces by appointing more East Malaysians to the government but preserving many of the traditional portfolios for BN's founding members. To significantly diminish Chinese and Indian appointments in the government would risk forever surrendering those communities to the opposition, and that is a risk Abdullah is very unlikely to take.

KEITH